

§ 58-7-200. Investment transactions.

(a) The transactions specified in subsections (b) through (e) of this section are expressly allowed or prohibited as provided in this section and to the extent they are not in conflict with other provisions of this Chapter.

(b) An insurer may engage in derivative transactions under the provisions and limitations of G.S. 58-7-205.

(c) No insurer shall directly or indirectly invest in, or lend its funds to, any of its directors, officers, controlling stockholders, or any other person in which an officer, director, or controlling stockholder is substantially interested, nor shall any director, officer, or controlling stockholder directly or indirectly accept the funds.

(d) No director, officer, or controlling stockholder of any insurer shall receive any money or valuable thing, either directly or indirectly or through any substantial interest in any other person, for negotiating, procuring, recommending, or aiding in any purchase or sale of property or loan from the insurer; or be monetarily interested either as principal, corporation, agent, or beneficiary, in any such purchase, sale, or loan; and no financial obligation of any such director, officer, or stockholder shall be guaranteed by the insurer. "Substantial interest in any other person" means an interest equivalent to ownership or control by a director, officer, or controlling stockholder or the aggregate ownership or control by all directors, officers, and controlling stockholders of the same insurer of those percentages or more of the stock of the person, as defined under "control" in G.S. 58-19-5(2).

(e) Nothing in this section prohibits:

- (1) A director or officer of any insurer from receiving the usual salary, compensation, or emoluments for services rendered in the ordinary course of that person's duties as a director or officer, if the salary, compensation, or emolument is authorized by vote of the board of directors of the insurer;
- (2) Any insurer in connection with the relocation of the place of employment of an officer, including any relocation in connection with the initial employment of the officer, from (i) making, or the officer from accepting therefrom, a mortgage loan to the officer on real property owned by the officer that is to serve as the officer's residence or (ii) acquiring, or the officer from selling thereto, at not more than its fair market value, the officer's prior residence;
- (3) The payment to a director or officer of any such insurer who is a licensed attorney-at-law of fees in connection with loans made by the insurer if and when the fees are paid by the borrower and do not constitute a charge against the insurer;
- (4) An insurer from making a loan upon a policy held therein by the borrower not in excess of the policy's net value; or
- (5) Subject to G.S. 58-19-30 and G.S. 58-7-163, an insurer from advancing funds to directors, officers, or controlling stockholders, for expenses reasonably expected to be incurred in the ordinary course of the insurer's business, as authorized or approved by the insurer's board of directors or by individuals authorized by the board and charged with the supervision or making of the advances. (1991, c. 681, s. 29; 2001-223, ss. 8.15, 8.16; 2007-127, s. 8.)